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9 May 2016

## Disclosures Regarding Proprietary Trading Programs at ITG

In response to client inquiries in the wake of our finalized SEC settlement, ITG is providing additional voluntary disclosures of all current and prior proprietary trading activity conducted by the Company since December 2009. These activities do not include fully-disclosed principal trading operations that are performed in connection with the facilitation of client orders.

### United States

ITG launched a proprietary trading pilot in the U.S. in April 2010 and voluntarily shut it down in July 2011. The pilot had gross revenues of \$2 million and net profit of \$124,000. The pilot included two principal strategies designed to capture spread. The pilot was the subject of an SEC settlement and a fine totaling \$20.3 million. Details of the SEC settlement, which was finalized on August 12, 2015, can be found [here](#).

### Canada

ITG Canada engaged in proprietary trading, primarily in U.S. – Canadian inter-listed equities arbitrage trading from 2001 through May 2016, when ITG announced it was closing these operations. The complete unwinding of activities is expected to be completed in June 2016. The arbitrage trading operation has not been the subject of any regulatory investigations or sanctions. This operation was fully disclosed to Canadian regulators and was part of a business unit which is routinely audited by IIROC. It was also disclosed in ITG's public company filings (10K and 10Q). The arbitrage trading operation did not have any knowledge of, or access to, ITG customer data of any sort. It did not receive any broker priority benefits when executing in our broker-only Canadian dark pool, MatchNow<sup>®</sup>. The arbitrage trading operation used separate systems and order routing infrastructure, segregated from ITG's client business. ITG chose to close the arbitrage trading operation in 2016 as it was deemed to be a non-core business activity. This closure was disclosed in the 1Q 2016 10Q filing. ITG Canada still makes markets on a fully-disclosed principal basis in a small number of Canadian ETFs at the request of our clients.

### Australia

For four months from December 2009 to April 2010, ITG Australia conducted as a trial concept, a quant-driven proprietary trading strategy. This trial was a stand-alone mean reversion trading strategy that did not interact with client order flow, except for any inadvertent and coincidental interaction on an external market center. All of the trades were conducted on the displayed market, with the majority traded via a third-party broker. During the relevant period, POSIT<sup>®</sup> was not operational in Australia, no other dark pool was accessed by the strategy, and at no time did the employees operating the trial have knowledge of, or access to, any ITG customer order flow data. The trial did not violate any



regulatory requirements regarding operations or disclosures. The trial traded a total of A\$67 million notional in Australian equities with a net loss of A\$2,000.

The purpose behind the trial was to help determine whether there was any merit in ITG establishing a quant-based investment trading division. After a brief trial period, it was decided this would not be pursued.

The above is a full and complete list of all of ITG's proprietary trading activity from December 2009 to the date of this document. Should ITG conduct any proprietary trading programs in the future, we undertake to make disclosures of such activity as required by applicable laws, rules or regulations to clients, shareholders, and regulators.

*(Document originally posted 8 September 2015. Updated 9 May 2016 to reflect closure of Canadian arbitrage.)*

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